Headquarters U.S. Air Force

I n t e g r i t y - S e r v i c e - E x c e l l e n c e

Air Force Government Purchase Card (GPC) Program

Karen Petering

SAF/AQCK

23 April 2004

Agenda

- **Program Overview**
  - →**Actions/Dollars**
  - →**DoD Performance Measures**
  - →**AF Performance Measures**
- **Current Environment**
- **What's Next**

Scope

Air Force

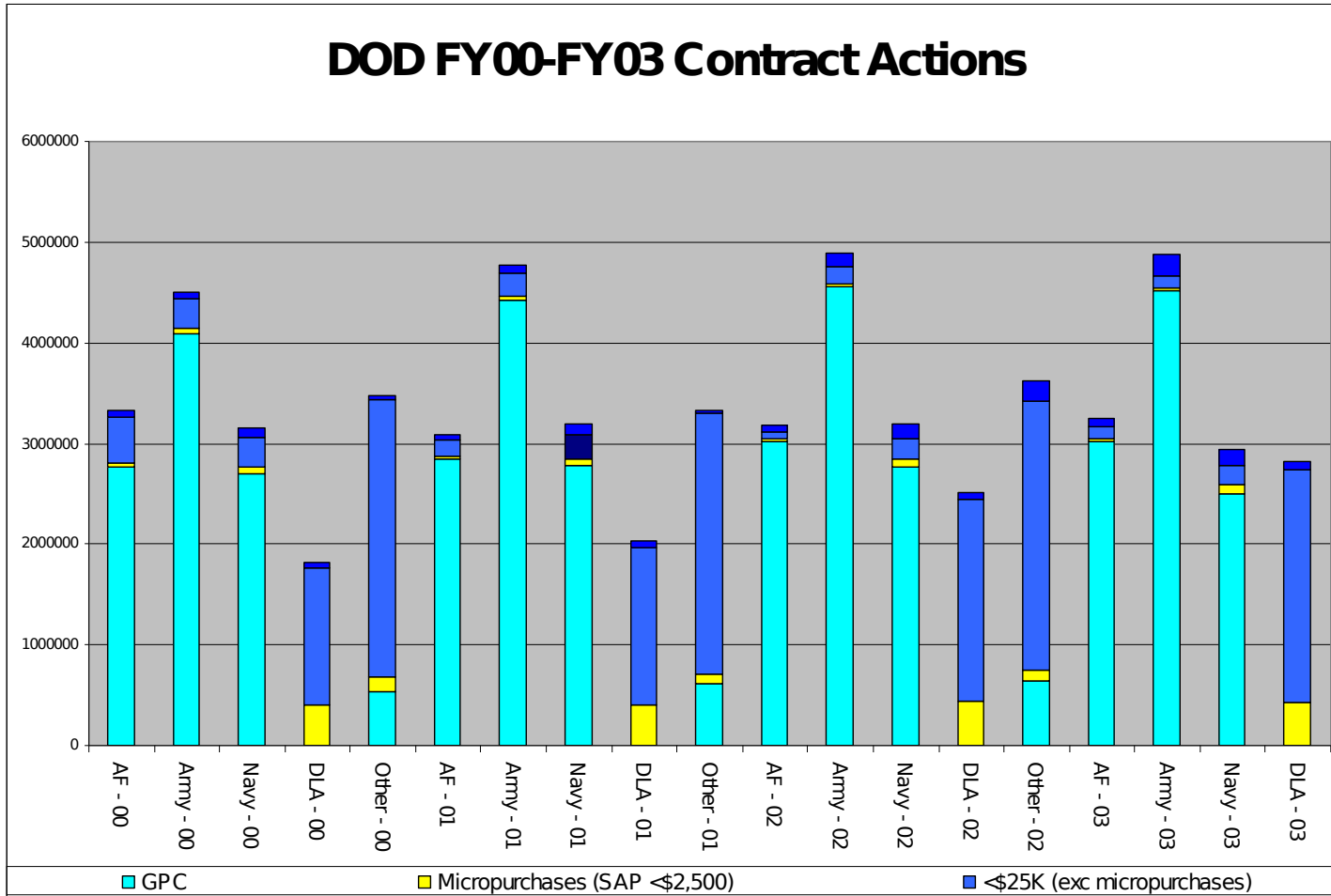→ 46k active cardholder accounts (down from 78K)

→ 19k approving officials

FY 03 Statistics

→ 3+ million transactions

→ $1.76 billion

→ $14 million in rebates

→ 98% of Air Force procurement actions

DOD FY00-FY03 Contract Actions

DoD Contract/PC Dollars

DoD FY00-FY03 Contract Dollars (000)

Legend: GPC | Micropurchases (SAP <$2,500) | <$25K (exc micropurchases) | >$25K

Categories: AF - 00, Army - 00, Navy - 00, DLA - 00, Other - 00, AF - 01, Army - 01, Navy - 01, DLA - 01, Other - 01, AF - 02, Army - 02, Navy - 02, DLA - 02, Other - 02, AF - 03, Army - 03, Navy - 03, DLA - 03, Other - 03

AF Actions <$25,000

Actions <$25,000

Legend:
- SAPs <$2,500
- SAPs $2,500 - $10K
- SAPs $10-$25K
- GSA DO's
- Other Fed DO's
- Other DO's
- Misc Actions
- GPC

AF Dollars <$25,000

Dollars <$25,000

Dollars $(000)

Legend: ■ SAPs <$2,500 ■ SAPs $2,500-$10K ■ SAPs $10-$25K ■ GSA DO's ■ Other Fed DO's □ Other DO's ■ Misc Actions ■ GPC

Y-axis values: $3,000,000 / $2,500,000 / $2,000,000 / $1,500,000 / $1,000,000 / $500,000 / $0

X-axis: FY95 FY96 FY97 FY98 FY99 FY00 FY01 FY02 FY03

DoD Purchase Card Dollars

Purchases

$Millions

FY 02 - $6.757B FY 03 - $7.185B

Legend:
- Army
- Air Force
- DoD Agencies
- Navy

X-axis: 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 02), 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 03)

Air Force Contracting: Expeditionary - Agile -
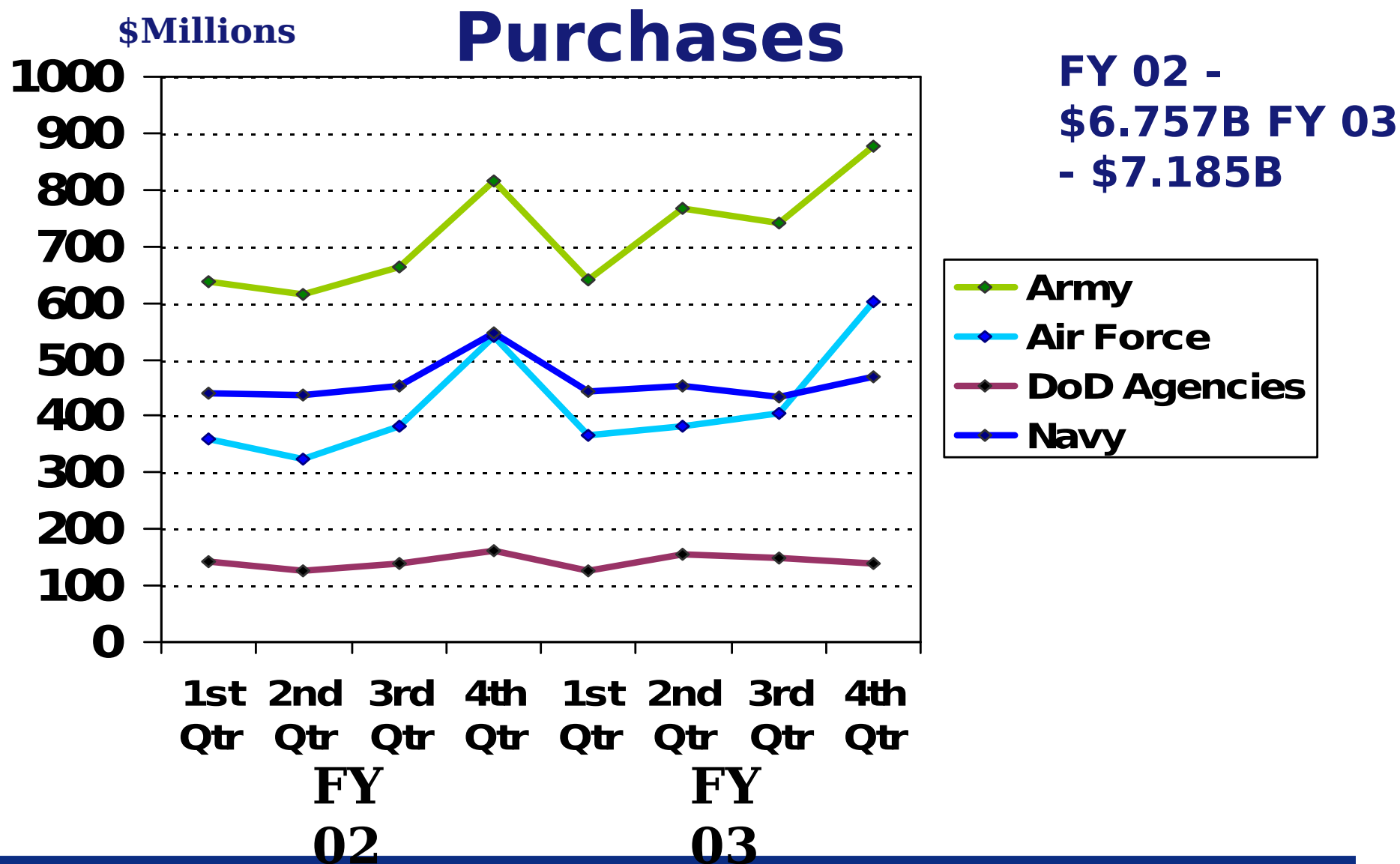
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Transactions

Thousands

FY 02 – 10.98 M FY 03 – 10.7 M

Legend:
- **Army**
- **Air Force**
- **DoD Agencies**
- **Navy**

X-axis: 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 02), 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 03)
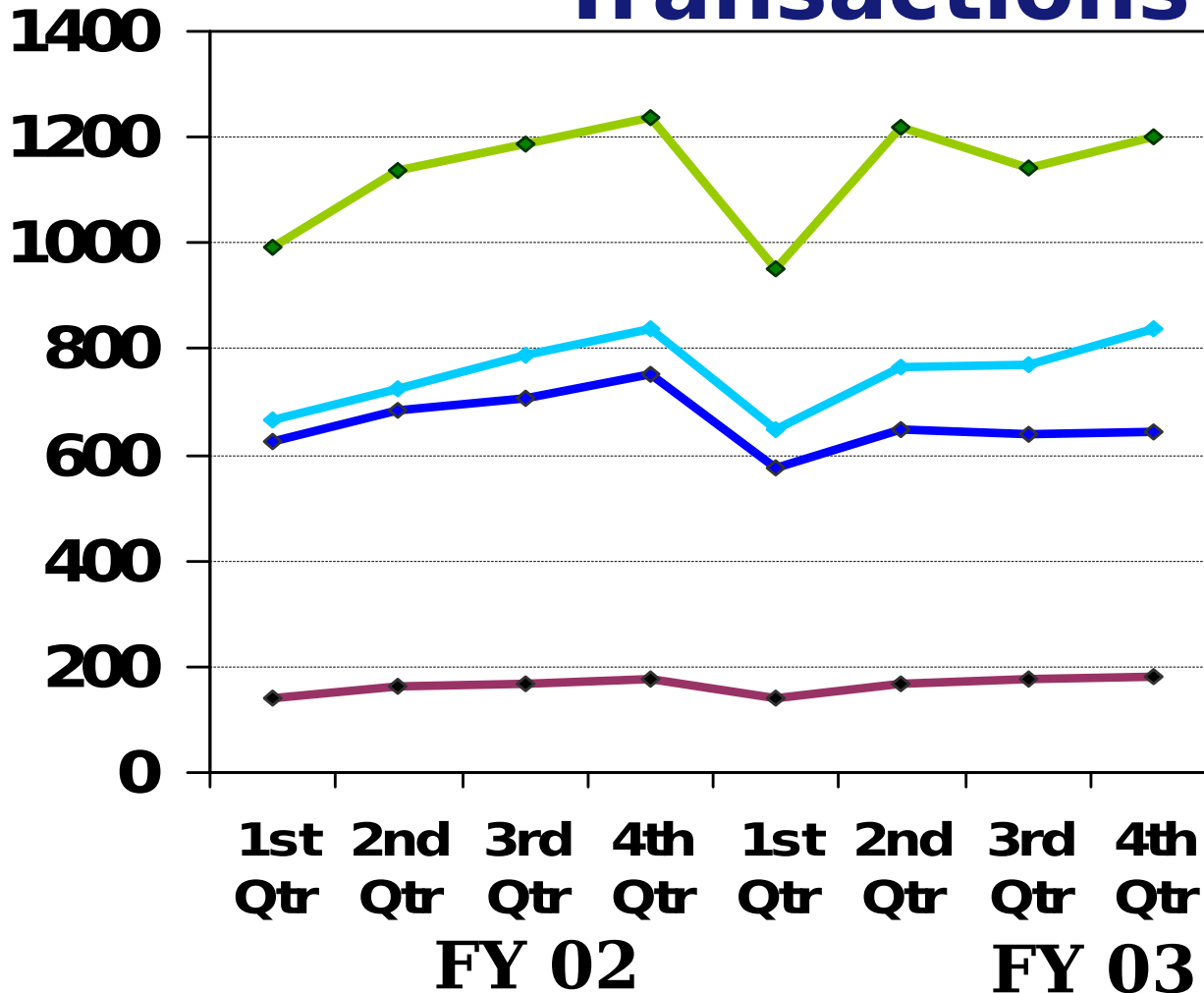
DoD Purchase Card Rebates

Percentage of Maximum Rebate Earned

FY 02 - $35.8M
FY 03 - $42.4M
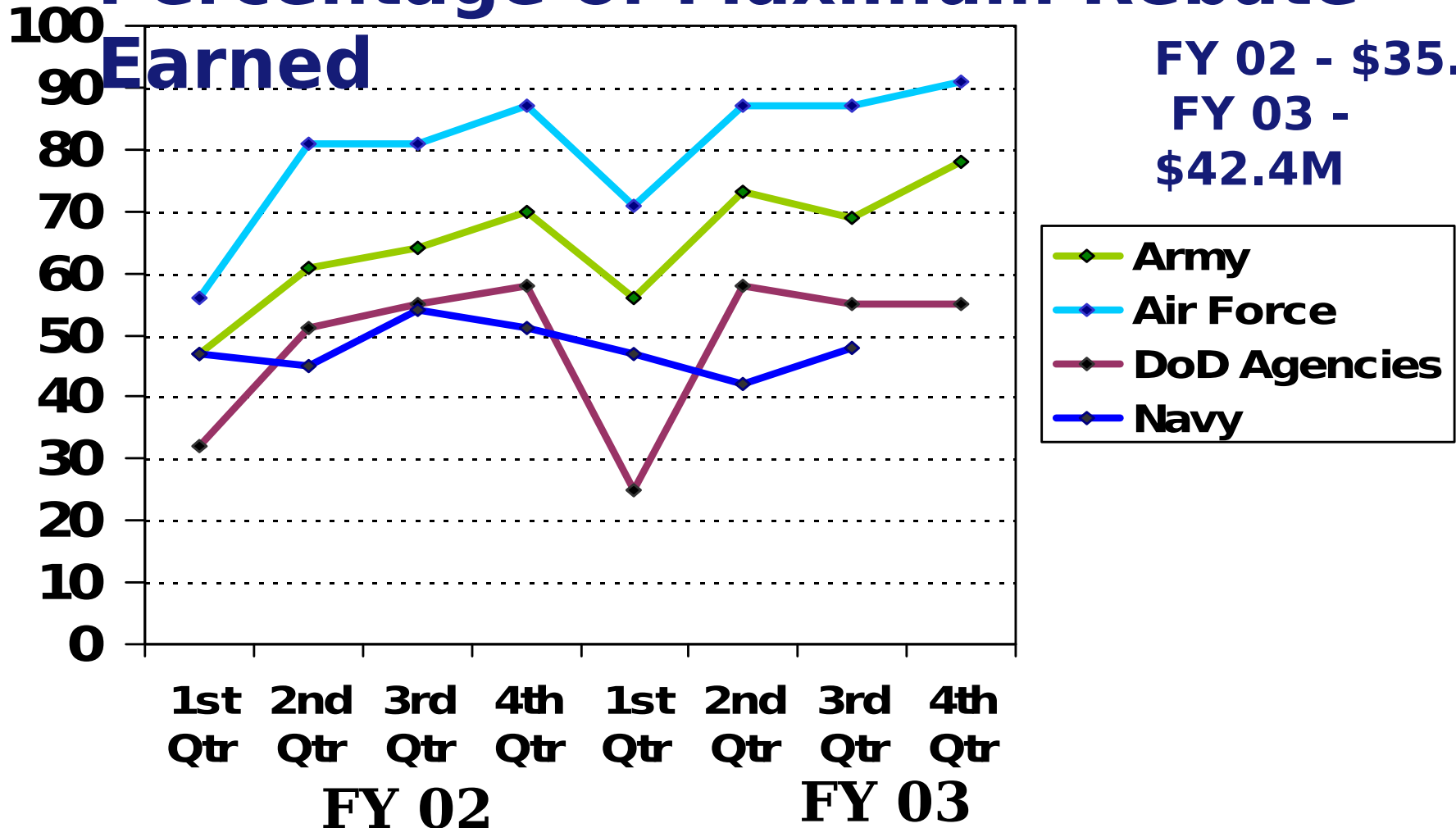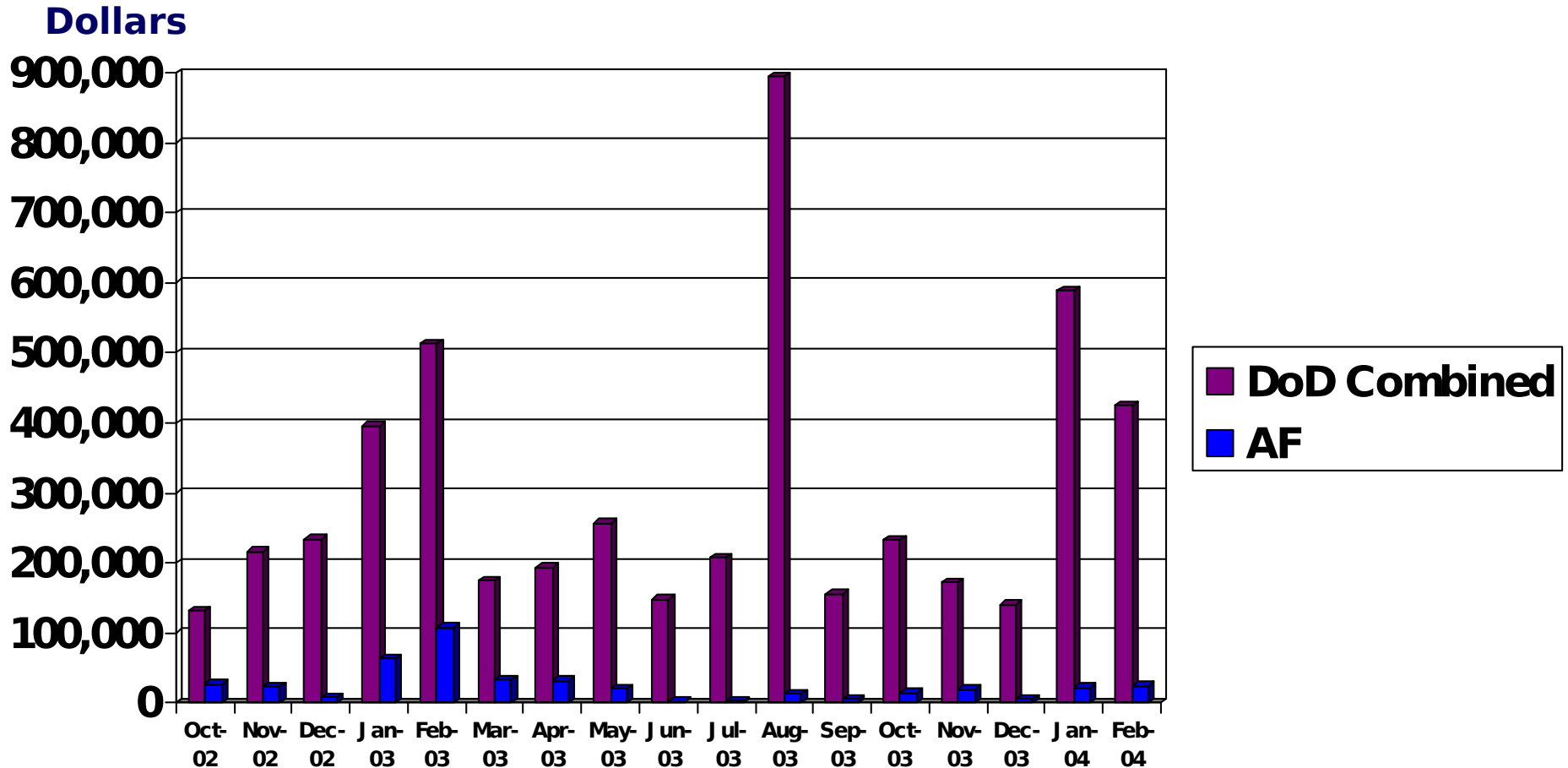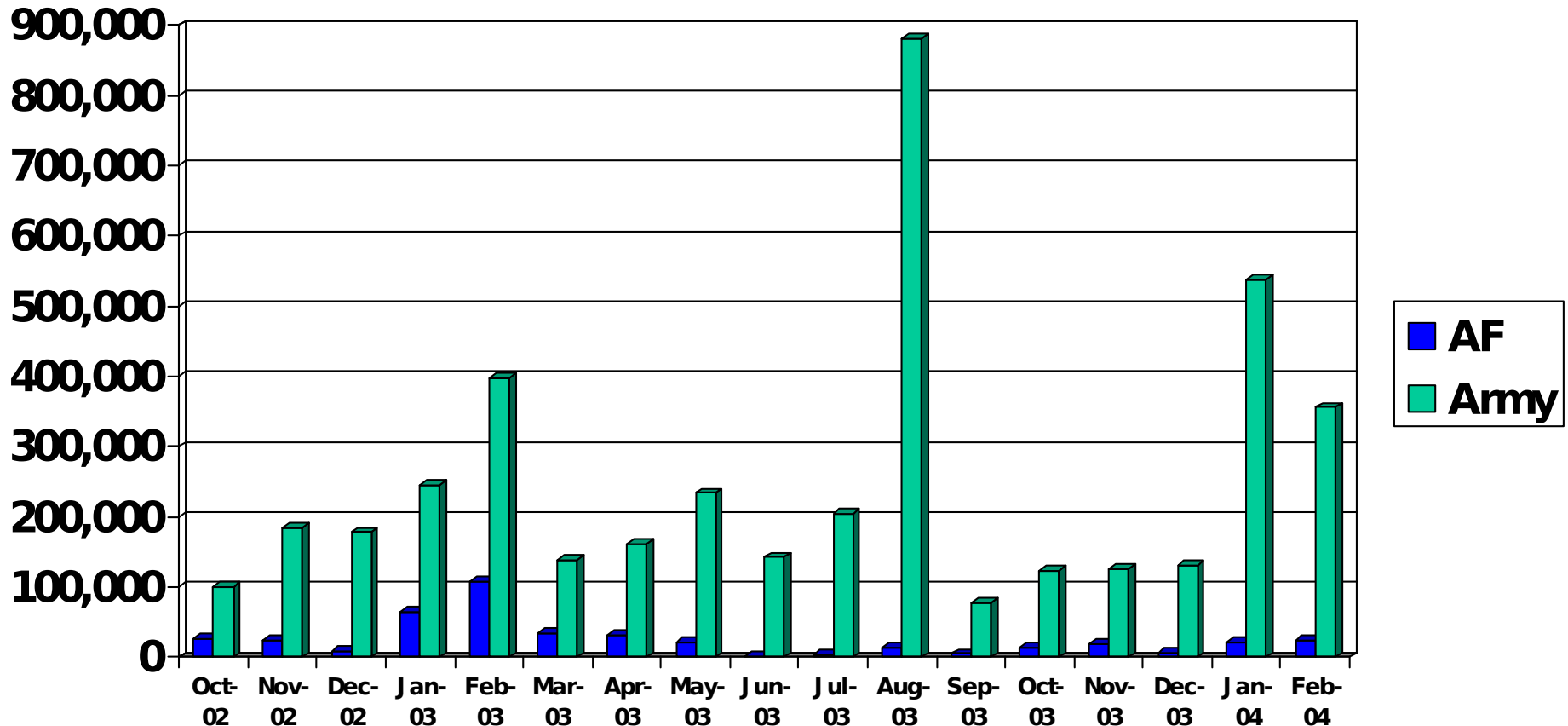
Legend:
- Army
- Air Force
- DoD Agencies
- Navy

X-axis: 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 02), 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr (FY 03)

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Dollars

Chart legend:
- ■ DoD Combined (purple)
- ■ AF (blue)

Y-axis: Dollars, from 0 to 900,000 in increments of 100,000

X-axis categories: Oct-02, Nov-02, Dec-02, Jan-03, Feb-03, Mar-03, Apr-03, May-03, Jun-03, Jul-03, Aug-03, Sep-03, Oct-03, Nov-03, Dec-03, Jan-04, Feb-04

+90 Day Delinquency

Dollars

Air Force Contracting: Expeditionary - Agile -

AF Performance Measures

AF GPC Transactions

Chart: GPC Transactions (vertical axis 0 to 3500000 in increments of 500000)

- FY1999: ~2,450,000
- FY2000: ~2,750,000
- FY2001: ~2,800,000
- FY2002: ~3,000,000
- FY2003: ~3,000,000

Legend: GPC Transactions
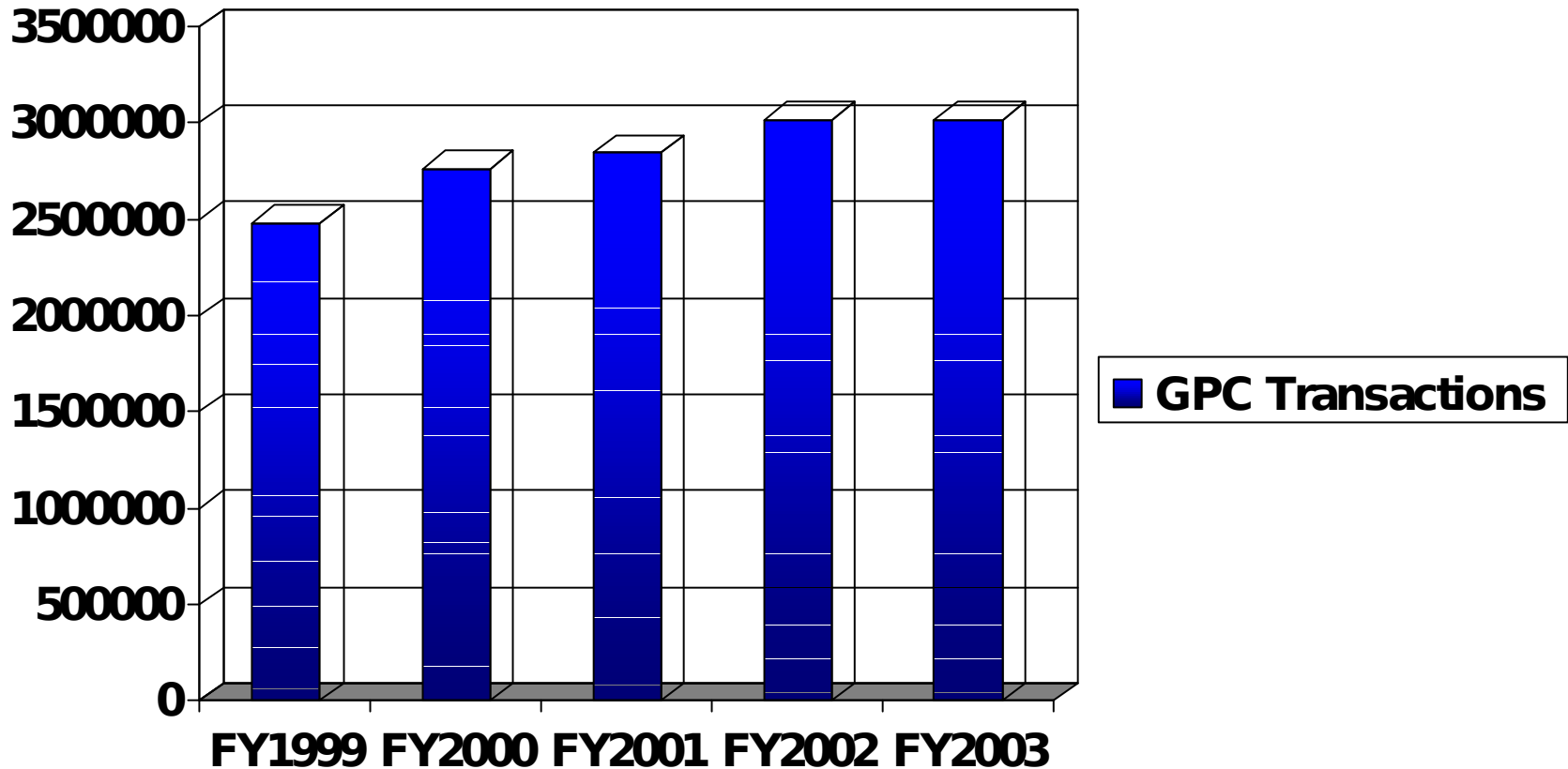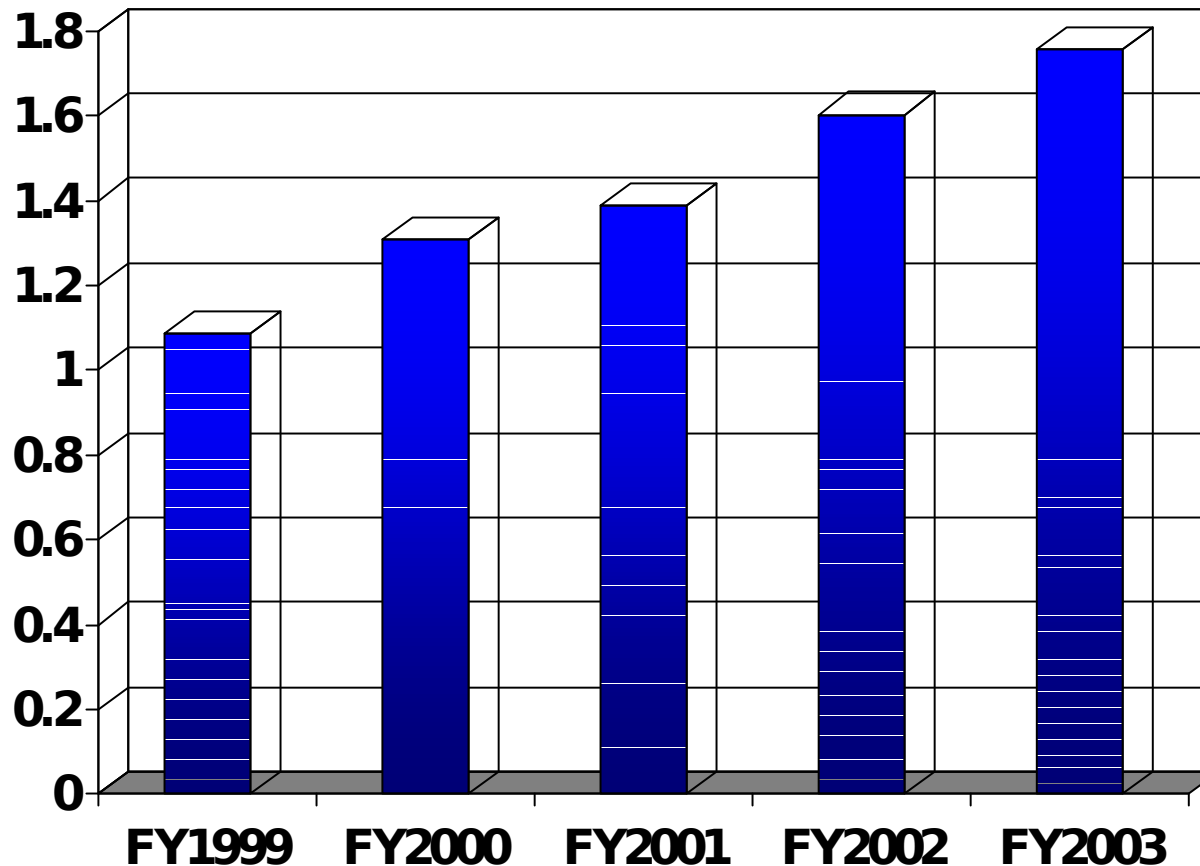
AF GPC Dollars

$ BILLIONS

Number of Cardholders and Approving Officials

Span of Control Ratio

CH/AO

Chart showing Span of Control Ratio declining from approximately 4.5 in FY00, to 4.0 in FY01, to about 2.6 in FY02, to about 2.4 in FY03.

Y-axis: 0, 0.5, 1, 1.5, 2, 2.5, 3, 3.5, 4, 4.5, 5
X-axis: FY00, FY01, FY02, FY03
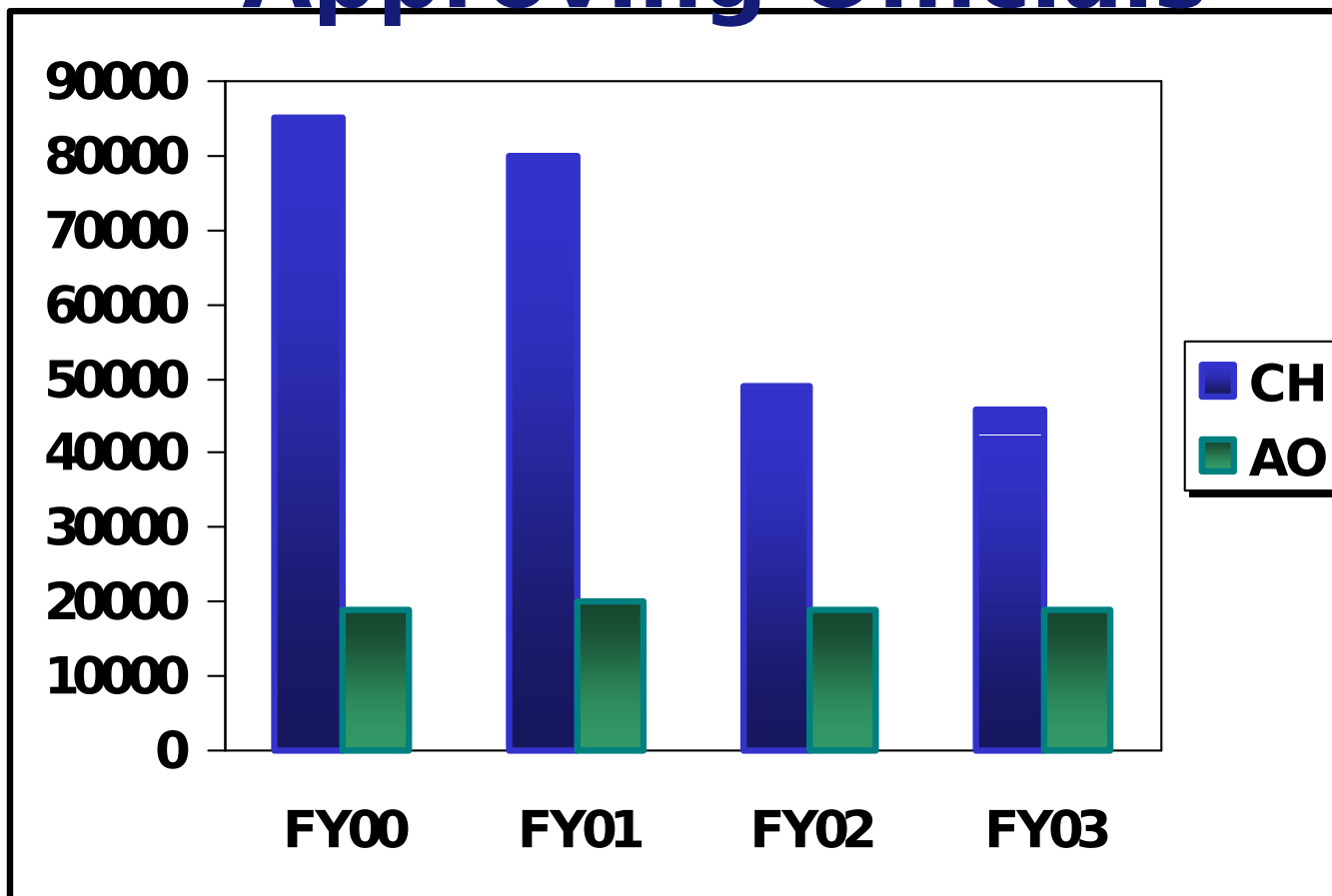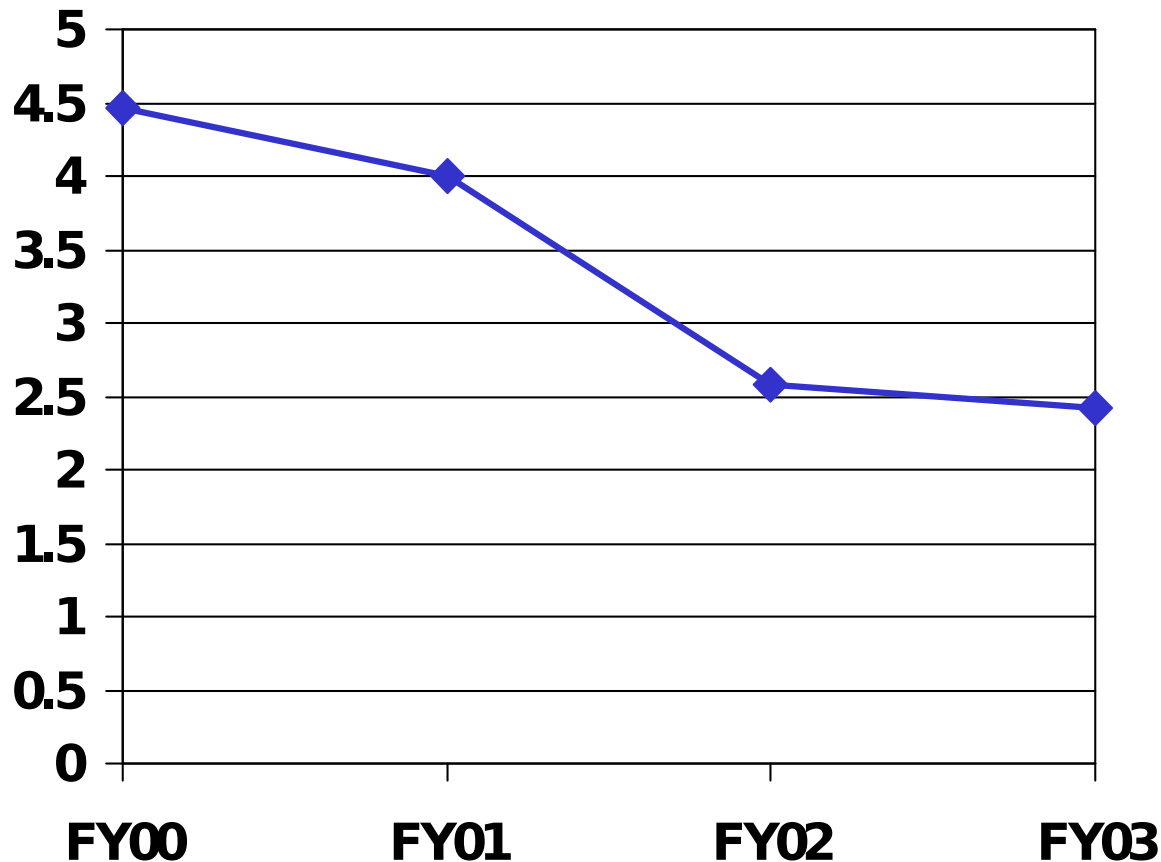
Legend: Span of Control Ratio

AF Rebates Received/Lost

Millions
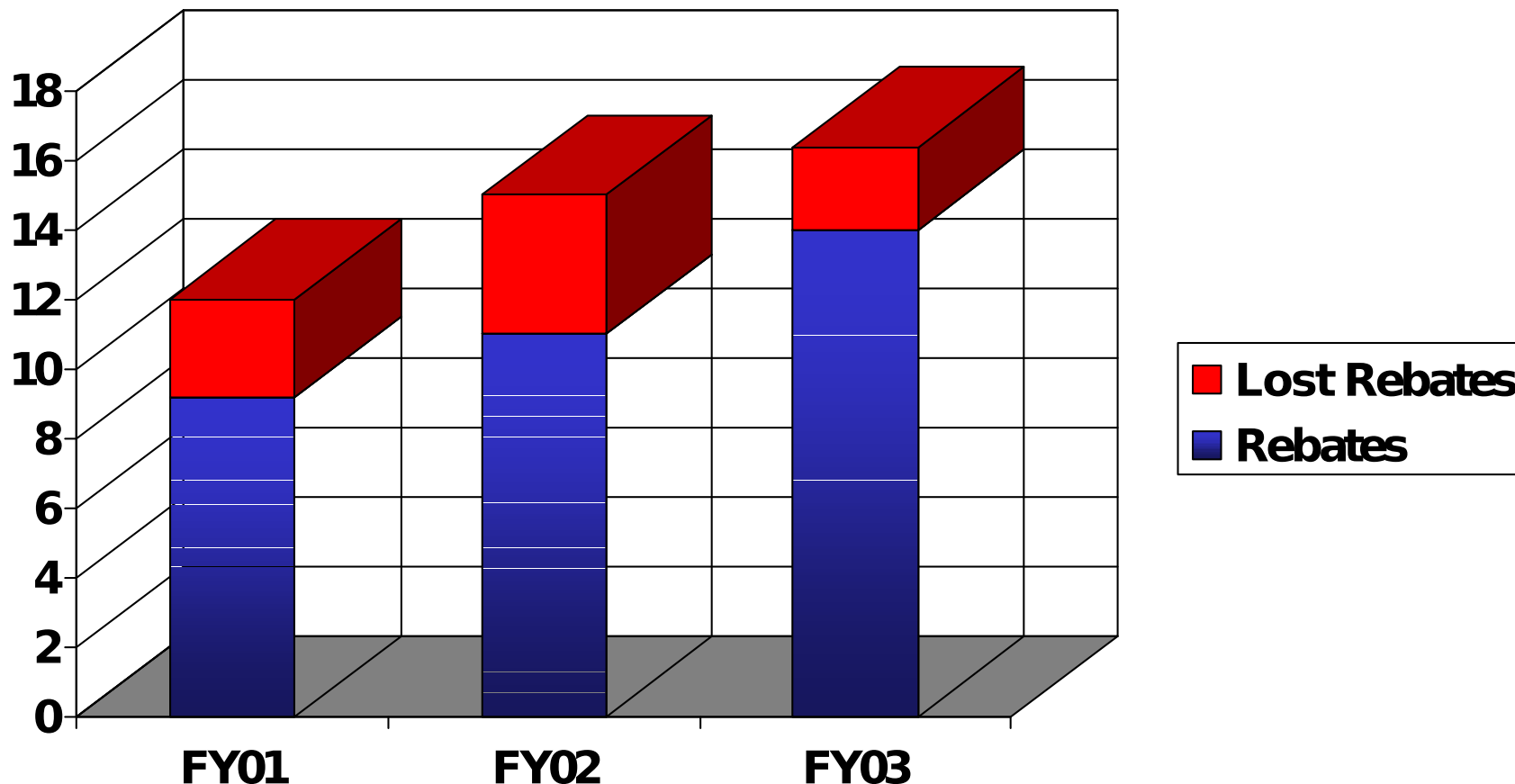
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Rebate File Turn (Days)

	1st Qtr FY03	2nd Qtr FY03	3rd Qtr FY03	4th Qtr FY03	1st Qtr FY04
10 (BRAC)	22	46	47	41	56
14 (AFSPC)	42	29	30	25	48
15 (AFSOC)	30	25	28	27	46
16 (AFMC)	44	30	30	23	40
19 (AMC)	35	23	25	23	41
20 (PACAF)	36	28	26	22	30
21 (NAF)	45	38	38	41	44
23 (USAFE)	36	33	34	33	44
30 (AU)	32	27	26	30	27
35 (AFPDR)	44	42	54	43	46
43 (11WG)	64	20	21	24	55
45 (USAFA)	36	24	27	24	39
64 (AETC)	30	24	27	26	28
87 (AFRC)	42	40	32	22	54
75 (AFOTEC)	40	27	25	24	37
88 (ACC)	36	29	27	27	36
96 (Chaplains)	54	51	47	47	53
USAF (57)	37	28	29	27	38
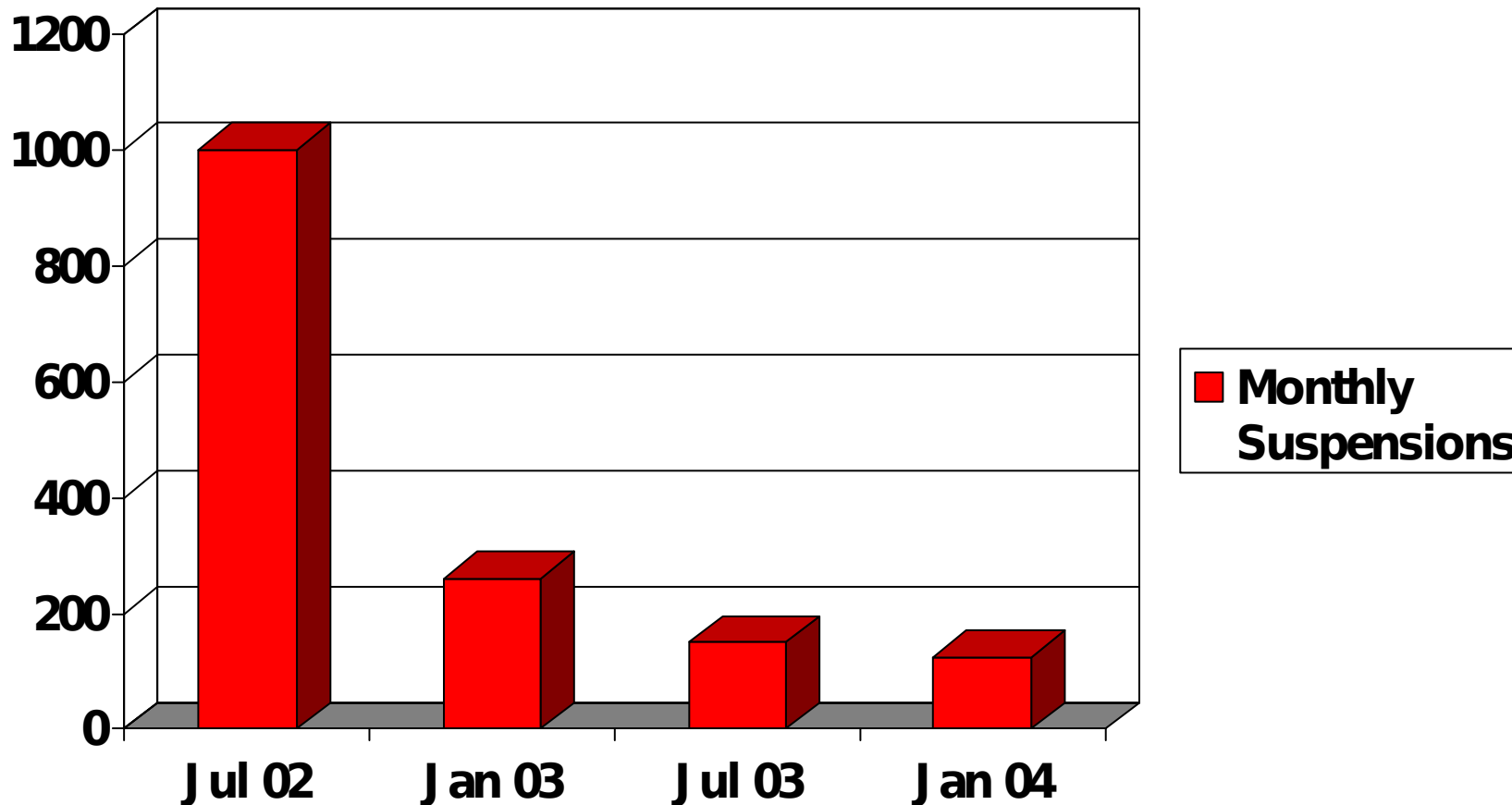
Monthly Account Suspensions

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
10 (BRAC)	0	0	0	0	0	0	0	0	0	0	0	0
14 (AFSPC)	0	1	7	12	8	9	1	10	8	15	9	17
15 (AFSOC)	0	0	0	0	0	0	0	5	0	11	7	3
16 (AFMC)	17	21	44	19	28	27	17	13	16	22	41	8
19 (AMC)	0	0	0	0	0	0	0	0	0	0	0	0
20 (PACAF)	29	19	29	26	26	24	10	13	26	16	22	12
21 (NAF)	2	0	0	0	0	0	0	0	0	0	0	0
23 (USAFE)	16	41	35	23	25	12	14	13	12	8	1	1
30 (AU)	2	0	0	4	4	2	1	1	0	0	4	1
35 (AFPDR)	0	0	0	0	0	0	0	0	0	0	0	0
43 (11WG)	18	20	26	12	14	9	13	13	20	13	9	17
45 (USAFA)	0	0	2	1	0	0	0	1	0	8	8	0
64 (AETC)	2	2	4	0	1	10	0	6	26	0	4	7
87 (AFRC)	7	8	18	7	6	2	1	9	2	0	2	1
75 (AFOTEC	0	0	0	0	0	0	0	0	0	0	0	0
88 (ACC)	28	14	33	46	25	15	29	37	76	30	36	17
96 (Chaplain	0	0	0	0	0	0	0	0	0	0	0	0
USAF (57)	123	126	198	150	137	110	86	108	180	124	143	84

Convenience Check Violations

Army had 7

Legend: ■ Checks over $2,500

X-axis: Nov 01-May 02, Oct 02-Apr 03, May 03-Oct 03

Y-axis: 0 to 20
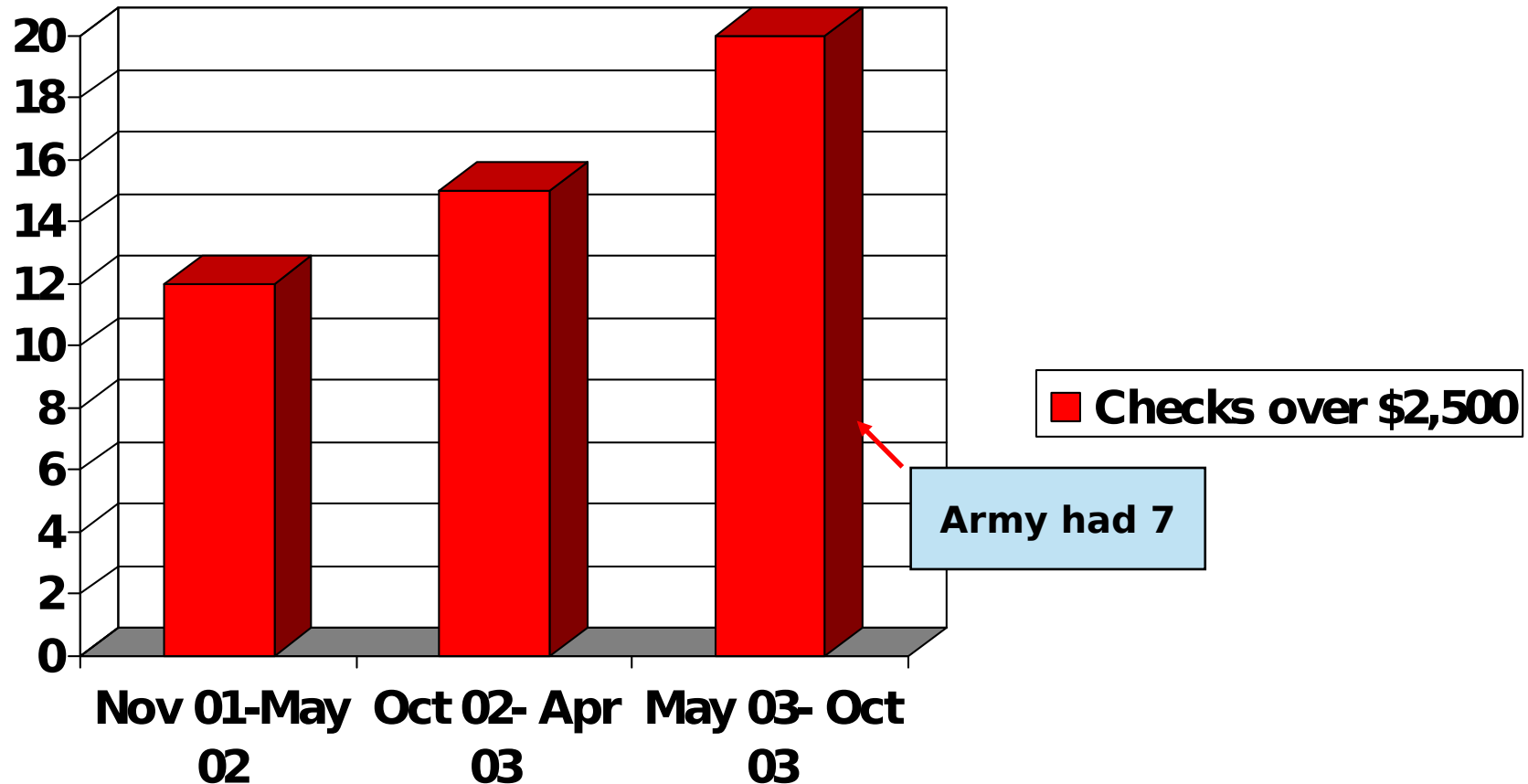
Convenience Check Violations

	Nov 01-May 02	Oct 02-Apr 03	May 03-Oct 03
10 (BRAC)	0	0	0
14 (AFSPC)	0	0	1
15 (AFSOC)	0	1	1
16 (AFMC)	7	1	7
19 (AMC)	1	4	3
20 (PACAF)	1	1	0
21 (NAF)	0	0	0
23 (USAFE)	0	1	0
30 (AU)	0	0	0
35 (AFPDR)	0	0	0
43 (11WG)	0	2	1
45 (USAFA)	1	1	2
64 (AETC)	0	2	2
87 (AFRC)	1	0	1
75 (AFOTEC)	0	0	0
88 (ACC)	1	2	2
96 (Chaplains)	0	0	0
USAF (57)	12	15	20

- **Completed Audits**
  - → **GAO (Code 192090), "DoD Actions to Improve Management of the Purchase Card Program"**
    - ➢ **GAO's Conclusion**

      Though the Services have taken steps to implement 109 GAO recommendations, they have not taken strong disciplinary actions against cardholders GAO identified as making improper and abusive or questionable purchase card acquisitions
  - → **GAO (Code 192082), "Whether agencies are managing PC Program to maximize potential savings" (Draft February 2004)**
    - ➢ **GAO's Draft Recommendation:**

      Agencies should develop mechanisms that provide CHs more favorable pricing from major vendors or for key commodity groups, such as agency-wide discount agreements with major vendors or simpler mechanisms that capitalize on trade discounts offered by local merchants and assess that CHs are getting good prices.

Ongoing Audits

→ **AFAA - Follow up on previous audit in process**

→ **DoDIG (D2002LF-0101), "DoD Controls Over Purchase Cards in the Military Health System"**

→ **DoDIG (D2003LH-0052), "Selected DoD Purchase Card Transactions Originating Outside the United States"**

→ **DoDIG (D2003CH-0126), "DoD Purchase Card Convenience Checks"**

DoD Charge Card Task Force

- **Established by USD(C) – March 2002**

  - **Made Recommendations to Improve Oversight and Strengthen the Department's Charge Card Program**

  - **Management Initiative Decision (MID) 904 established to track implementation of recommendations**

Completed Actions

PC-01   DoD Concept of Operations (CONOPS) Published

PC-03   Span of Control Policy Issued

PC-04   Training Material for PC Officials Developed

PC-05   List of Recommended Skills and Grade Published in DoD CONOPS

PC-06   Strengthened Pecuniary Liability Procedures in Regulations

PC-07   Additional Methods to Prosecute Fraud Identified

PC-08   Strengthened Compliance Language in Regulations

PC-09 Coordination of Cases of Abuse with Investigative Agencies and   Security Managers/Supervisors Required

PC-10 DoD CONOPS - Skills and Duties be noted in job descriptions/Standards

PC-11 Requirement Established for GPC Training Data Base

PC-12 Mandatory Review of Approving Officials Non-GPC Workload Required

PC-13   Strategic Sourcing Strategy Developed

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Key Events:

- USD(C)/USD(AT&L) Memo Mandated Electronic Certification by December 2002
- DoD Master Implementation Schedule in April 2003

Waiver Criteria and Approval Process:

- Develop Business Case Analysis
- Signed out by Component Acquisition Executives with FM Coordination
- Approved by OSD DDP with USD(C) Coordination

Draft Internal Control Requirements

- DoD Coordinated with IG and GAO
- Pending Coordination with OSD Comptroller
- PMO in coordination with DFAS regarding ERP Business Requirements

MID 904 - Common Items (Travel & Purchase)

Completed Items

CO-01 Deputy Secretary of Defense Issued Guidance on Charge Cards

CO-02 Issue DoD Directive on Charge Cards

CO-5
CO-8 }.   Disciplinary and Administrative Actions

CO-10

CO-06 Report Charge Card Data to OMB

CO-09 Reduce Number of Charge Cards to under 1.5 Million Accounts

CO-11 Report Status of MID 904 Actions

Green

CO-7 Creditworthiness Issues

Yellow

CO-3 Develop Methods to Control Charge Cards upon Departure

CO-4 Data Mining Strategy

Summary of MID 904 Actions

Common (Travel & Purchase):
- Completed: 8
- Green: 1
- Yellow: 2
- Subtotal: 11

Purchase Card:
- Completed: 14
- Green: 0
- Yellow: 1
- Subtotal: 15

Key:

Green: Plan and Schedule Developed

Yellow: Plan Developed; Schedule TBD

New Revisions to 64-117

→ **Surveillance reports be signed by contracting squadron commander/chief of contracting office**

→ **Annual surveillance reports to include:**

- **Ratio of CHs to AOs**
- **Ratio of CHs to employees**
- **Ratio of monthly spending limits to actual spending**
- **# of AOs and CHs requiring training**

→ **Documentation of independent receipt and acceptance by someone other than the CH**

What's Next

Work with Business Enterprise Architecture to -

- Refine Capability Requirements
- Address Operational Challenges and Schedule
- Develop Timeline for Pilots
- Refine Performance Measures
- Continue Meeting as a Working Group (Virtually When Possible)
- Develop DoD Organization Self-Certification Checklist for Program Internal Controls

- **Establish Joint Implementation Requirements Board**
  - Evolved from Charge Card IPT

Recent DoD PMO Actions

IPT Meeting
- **Exploring expanding use of GPC for payment   under contracts**

Issued RFI
- **Looking for "enhancements to the government purchase, travel and fleet charge card capabilities"**
- **Held capabilities demonstrations**

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- **Improving Program Controls**
- **Improving Efficiencies**
- **Strategic Sourcing**
- **Adapting to a changing charge card program**

→ **Leadership is the key**

→ **Set the priorities and monitor what is happening**

→ **Take an active role in improving the GPC processes**

→ **Continue to focus on controls**

  ➤ **Congress, DoD and the audit community are continuing to monitor the GPC program**

Questions?

BACK-UP SLIDES

Disciplinary and Administrative Actions

Disciplinary Guidelines:
- 21 Apr 03 – Civilian Personnel Policy Memo
- 10 Jun 03 – Military Personnel Policy Memo

Tracking and Reporting Personnel Actions:
- OMB Reporting Requirement
- 23 Jun – OUSD(P&R) Memo
  - Civilian Personnel Systems Enhancement Completed
  - Military Personnel Systems – Enhancements Possible
- Evaluate Results of Data Mining Pilot (Source for Non-Fraud Actions)

Next Steps:
- OUSD(C), OUSD(P&R), OUSD(AT&L) Finalize Data Collection Requirements

Green

Statutory requirement to evaluate the creditworthiness of an individual prior to issuance of a purchase or travel charge card

On-going Efforts:

- **Oct 03 – Acting Director of Defense Procurement and Acquisition Policy met with OMB to discuss Pending Government-wide Requirement**
- **Dec 03 – OMB/PCPMO/GSA Meeting**
- **Jan 04 – OMB/DoD Parallel Path**
- **Jun 04 – OMB Decision**

- **Legislation:**
  - **FY 2004 Appropriations Act – Continues Requirement through 04**
  - **FY 2004 Authorization Act – Provision for Travel Card Only**
  - **FY 2004 Treasury Appropriation Bill – Government-wide Requirements**
  - **Draft Bill (Sen. Grassley/Cong. Wilson) – Requires agencies Authority to Conduct Credit Checks with a credit B**

Data Mining Strategy

Yellow

Other Planned Actions

➤ Point of Sale

- ➤ Card Limits – US Bank is developing a template for A/OPCs to use to analyze Card Holder Limits. DoD plans on having a similar capability as a part of the Commercial Data Mining Tool prototype
- ➤ Declined Transactions – US Bank is developing a template for A/OPCs to use for analysis that will report all declined transactions for a cardholder.
- ➤ Span of Control – DoD is reviewing the current policy in the context of transaction volume and complexity.

➤ Transaction Review (AO and A/OPC)

- ➤ Considering Mandatory Review of Convenience Checks over $2,500
- ➤ Applying Misuse Indicators During the Transaction Authorization Process
- ➤ Considering Commercial Data Mining Solutions

➤ Management Oversight

- ➤ Cross-Service Ad Hoc Met in Mar to Develop Program Self Assessment Tool

Develop Methods to Control Yellow Cards upon Departure

Purchase and Travel Card

- 23 Jun – OUSD(P&R) Memo

Long-Term

- Determine Appropriate System to Use
- Resolve Method of Identification for Purchase Cardholders
- Develop Alternative Solution for Authorization to Enable CAC Card